



FOR IMMEDIATE RELEASE

XMH maintains profitability despite challenging market environment

- Revenue decreased 18.3% year-on-year to S\$19.4 million for 1Q2017 due to poor market sentiments
- EBITDA increased 27.6% year-on-year to S\$2.1 million for 1Q2017, representing a margin of 10.7%
- In view of the tough market, the Group made efforts to lower operating costs which reduced 8.6% to S\$5.3 million for 1Q2017
- Acclimatising to the harsh market environment, the Group will strive to derive synergies within its businesses to establish itself as a one-stop solutions provider to improve its competitiveness in the region

Singapore, 7 September 2016 – XMH Holdings Ltd., (“XMH”, “新明华控股” or the “Group”), a diesel engine, propulsion and power generating solution provider in the marine and industrial sectors, reported its financial results for the three months ended 31 July 2016 (“1Q2017”) today.

Financial Highlights	1Q2017 S\$'000	1Q2016 S\$'000	% Change
Revenue	19,426	23,764	(18.3)
Gross Profit	3,865	6,340	(39.0)
Gross Profit Margin	19.9%	26.7%	(6.8) pp
EBITDA	2,069	1,622	27.6
Other Income	430	139	NM
Operating Expenses*	(5,265)	(5,763)	(8.6)
Net Profit	191	710	(73.1)
Net Profit Margin	1.0%	3.0%	(2.0) pp
Basic EPS (cents)#	0.17	0.64	(73.4)

*: Includes distribution expenses and administrative expenses

pp: Percentage points

#: Based on 111,281,821 weighted average number of shares for 1Q2017, post the 4-to-1 share consolidation the Group completed on February 22, 2016. (1Q2016: 108,531,665).



Revenue decreased 18.3% year-on-year (“yoy”) to S\$19.4 million for 1Q2017 as both project and distribution business segments were affected by poor market sentiments. Coupled with intense competition across all segments, gross profit was lower at S\$3.9 million for 1Q2017, representing a thinned gross margin of 19.9%. However, EBITDA improved 27.6% yoy to S\$2.1 million for 1Q2017, with EBITDA margin improving to 10.7% for 1Q2017 from 6.8% for 1Q2016.

Other income increased approximately S\$0.3 million to S\$0.4 million for 1Q2017 due to rental income generated from sub-letting part of the new factory building, recovery of transportation expense from customers, and forfeiture of deposits from customers. Operating expenses decreased 8.6% yoy to S\$5.3 million for 1Q2017, due to (i) decreased staff costs from overprovision of bonus in prior year and share based payments expense, (ii) decreased amortization of intangible assets, and (iii) decreased legal and professional fees. This was partially offset by increased depreciation of S\$1.1 million of the new factory.

The Group registered net finance income of approximately S\$1.0 million for 1Q2017 as compared to S\$0.1 million for 1Q2016. This was primarily attributed to unrealized foreign exchange gains from the revaluation of the loans to finance the acquisition of the new factory building, partially offset by realized foreign exchange losses from the settlement of foreign currency denominated trust receipts and loans.

Overall, the Group remained profitable with a net profit of S\$0.2 million for 1Q2017.

Commenting on the Group’s financial performance, Mr. Elvin Tan Tin Yeow, Chairman and CEO, commented, “*The adversities in the market have negatively impacted our results this quarter, but it is something the Group will work through. As a one-stop solutions provider in the diesel engine, propulsion and power generating arena, the Group will continue to heighten its competitiveness by strengthening its integrated solutions, which will help it weather the headwinds in the market.*”

Business Updates / Outlook

The global economic outlook remains uncertain which affects confidence level of investors resulting in lower commodity prices and a weaker global trade. Poor market sentiment has affected the Group as a whole due to softer demand and intensified competition in the construction, marine and offshore industries.

XMH Holdings Ltd.
55 Tuas Crescent
Singapore 638743
Tel: (65) 6368 0188 Fax: (65) 6368 0633
Website: www.xmh.com.sg
CO. REG. NO.: 201010562M



The Group will continue to strengthen relationships with its existing clientele and explore new markets beyond its traditional sectors like government driven policies and initiatives.

Additionally, in dealing with the challenges ahead, the Group aims to strengthen its operational processes. The Group's diversified business model has provided some resilience against the competitive market thus far, and will continue to build on its capability as a one-stop solutions provider to offer clients' customised integrated service and product offerings.

Understandably, going forward the Group will continue to exercise prudence in all aspects of its operations. The Group has experienced harsh market environments in the past and will remain conservative in preparing for market recovery.

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ABOUT XMH HOLDINGS LTD. (BLOOMBERG TICKER XMH:SP)

XMH Holdings Ltd. (“XMH” or the “Group”) started as a small machinery repair and maintenance shop in Kitchener Road in 1955. With a history of over 60 years, the Group is now a reputable and trusted name as a diesel engine, propulsion and power generating solutions provider in the marine and industrial sectors across Asia. Over the years, the Group has expanded its primary product offerings to include distributorship, agency and dealership rights from reputable brands such as Mitsubishi, Akasaka and Kamome (Japan), Hyundai, D-I and Doosan (South Korea), SOLÉ, Korsør, Reintjes, CENTA (Europe), Guangzhou Diesel (China), Niigata Power Systems (Japan), ABB (Switzerland), Lilaas (Norway), Logstrup (Denmark) and Siemens (Germany).

The Group continued to advance, scaling up the value-chain with the introduction of “AceGen”, its in-house range of power generating sets, and “XMH IPS”, a one-stop integrated solution to vessel owners requiring diesel engine (or electricity) driven propeller-based propulsion systems to power its vessels. These additions enhanced the Group’s capabilities in providing customised and comprehensive solutions to its customers’ diverse needs. The acquisition of Mech-Power Generator Pte Ltd and its subsidiary (“MPG”) was completed in September 2013. MPG is a leading manufacturer in the sale, assembly, testing, installation, commissioning and maintenance of diesel powered generator sets. Following the acquisition of MPG, in March 2015, the Group also acquired 80% shareholdings in the issued and paid up capital of Z-Power Automation Pte. Ltd. (“ZPA”). ZPA is a leading system integrator for power, control and system solutions, providing the Group with enhanced exposure to new markets and a wider product portfolio.

With these acquisitions, the Group’s business activities can be broadly categorised into (i) distribution and provision of value-added products and services; (ii) after-sales services, trading and others; and (iii) projects. Projects comprise assembly and installation of standby generator sets and provision of related services; and design and manufacture of marine switch boards, remote control distribution system and marine automation products.

For more information please visit www.xmh.com.sg

Issued for and on behalf of XMH Holdings Ltd.

By Financial PR Pte Ltd

For more information please contact:

Romil SINGH / Jonathan YEOH

Financial PR Pte Ltd

Tel: 6438 2990 / Fax: 6438 0064

E-mail: romil@financialpr.com.sg, jonathanyeo@financialpr.com.sg